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INTERGOVERNMENTAL PREPARATORY COMMITTEE
FOR THE THIRD UNITED NATIONS CONFERENCE
ON THE LEAST DEVELOPED COUNTRIES

Third session

New York, 2 – 6 April 2001

**DRAFT REPORT OF THE INTERGOVERNMENTAL PREPARATORY COMMITTEE
FOR THE THIRD UNITED NATIONS CONFERENCE ON THE LEAST DEVELOPED
COUNTRIES ON ITS THIRD SESSION**

United Nations Headquarters, New York, 2 – 6 April 2001

Note for delegations

This draft report is a provisional text circulated for clearance by delegations.

Requests for amendments to statements by individual delegations should be communicated by
Tuesday, 10 April 2001, to:

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Chapter I

PROGRESS REPORT BY THE CHAIRMAN OF THE INTERGOVERNMENTAL PREPARATORY COMMITTEE ON THE INTERSESSIONAL NEGOTIATIONS

NEGOTIATION OF THE DRAFT PROGRAMME OF ACTION (A/CONF.191/IPC/CRP.6) FOR SUBMISSION TO THE CONFERENCE

(Agenda items 2 and 3)

1. The **Chairman** said that, pursuant to the decision taken at the Preparatory Committee's second session, intersessional work had taken place from 26 to 30 March 2001. Work on the draft Programme of Action (A/CONF.191/IPC/CRP.6) had been conducted in two clusters, one chaired by the representative of Norway and the other by the representative of the Lao People's Democratic Republic.

2. The representative of **Germany**, presenting the outcome of the International Policy Dialogue on Attracting Private Sector Participation to Infrastructure Development in LDCs, held in Bonn on 12-13 March 2001, said that the Dialogue had provided a forum for policy makers from LDC Governments and their development partners, high-level representatives from the private sector, national and international financial development institutions, NGOs and academics. The discussion had centred on the issue of innovative mechanisms for private sector participation in removing fundamental weaknesses in the infrastructure and institutional framework of LDCs. It had been concluded that infrastructure was more than hardware and included human capital and social infrastructure. In some countries, however, economic reform had been at the expense of human advancement, whereas human resource development was essential for infrastructure building and maintenance. Overcoming infrastructure bottlenecks required considerable investment, capacity building, new policies and institutional reform. That was a challenge that went beyond the public sector and had to involve the private sector. It might also require new approaches to the provision of infrastructure services and new financing mechanisms. It was hoped that the report of the meeting would make a substantive contribution to the work of the Conference and beyond.

3. The representative of the **United Kingdom**, presenting the outcome of the High-level Ministerial Round Table on Trade and Poverty in the Least Developed Countries, held in London on 19 March 2001, said that the main purpose of the meeting had been to encourage OECD development partners and international institutions to do more to harness the potential of trade as a key component of strategies to eliminate poverty, as well as to enhance LDCs' capacities to

maximize the poverty reduction benefits of trade. The Secretary of State of the United Kingdom had said that globalization was neither good nor bad, but a reality that offered opportunities to develop. Open, though not unregulated, trade was essential, but not sufficient. A strong enabling environment was also needed, incorporating good governance, democracy, institutional reform, economic reform and social policies. The "Everything but arms" initiative was important, and to harness trade gains, a new development round must be launched at the WTO Ministerial Meeting in Qatar. The Director General of WTO had said that the case for a new trade round was compelling and that marginalization, not globalization, was the threat. Doing away with all trade barriers would be the equivalent of adding two more Chinas to the world economy.

4. Key proposals put forward at the Round Table included extending duty-free access for all goods from LDCs to all OECD countries; binding trade preferences in the WTO; simplifying rules of origin for imports from LDCs; pledging not to use anti-dumping actions against LDCs; making it simpler for LDCs to join WTO; and untying all aid. If LDCs were to benefit from integration into the world economy, a comprehensive policy approach was needed, and regional integration would be very important. It was agreed that developing countries should be helped to develop their capacity to meet product standards and to participate more fully in standard setting. Trade sanctions should not be used to penalize countries for not meeting core labour and environmental standards, and action on these standards should be taken in ILO and environmental bodies, not WTO. The importance of the Integrated Framework had been highlighted by many.

5. Given the disappointing results of the two previous Programmes of Action, the Third Conference could not afford to fail. It offered an opportunity to address LDCs' development needs effectively, and could provide a useful building block towards a new development round.

6. The representative of **South Africa**, presenting the outcome of the Workshop on LDCs – Building Capacities for Mainstreaming Gender into Development Strategies in LDCs, held in Cape Town from 21 to 23 March 2001, said that discussions had focussed on the linkages between poverty eradication, development and the need to mainstream gender equality into national policies and programmes in LDCs. It was time to move beyond the traditional role that women played in poverty alleviation and make the empowerment of women a major focus in the area of trade, finance and investment. The draft Programme of Action reflected some of the Workshop's recommendations, and that was to be encouraged.

7. The Workshop had recognized that inequalities between men and women persisted and that capacity to mainstream gender should be promoted in LDCs. Budgets had important redistributive effects, and macroeconomic policies underpinning budget allocations should be analysed from a gender perspective. Concerning trade policies, women tended to be more

vulnerable to the negative effects of trade liberalization and less able to benefit from the positive effects, and women had poor access to land, credit and inputs. A gender perspective must therefore be adopted in the formulation of trade policies and in WTO negotiations. Programmes must also be put in place to provide women with greater access to credit and other financial services. Finally, it had been recommended that the Secretary-General of the United Nations should establish a group of eminent persons to examine best practices and methods of achieving the goals identified at the Workshop, and that the group should report back within six months of LDC III. The outcome of the Conference should reflect deliverable programmes that would make a difference to the lives of women in LDCs.

8. The representative of **ESCAP**, presenting the outcome of the fifth session of ESCAP's Special Body on Least Developed and Landlocked Developing Countries, held in Bangkok on 20-21 February 2001, said that the Special Body had focussed on reviewing the implementation of the Programme of Action for the LDCs for the 1990s. Particular attention had been paid to four areas, namely the social sector, infrastructure, trade issues and ODA. The meeting had been attended by 12 LDCs and their development partners, and it was worth noting the very diverse nature of the LDCs concerned in terms of both size and geographical characteristics. The Special Body had endorsed a number of recommendations, several of which were reflected quite well in the draft Programme of Action. It had in particular recommended that the regional commissions play an important role in implementing and monitoring the Programme of Action for the LDCs, and ESCAP would be proposing deliverables in that connection.

9. The representative of **WIPO** said that, in the new millennium, the wealth of nations and the well-being of mankind would depend to a significant extent on ideas and knowledge, and WIPO was making tremendous efforts to prevent the transformation of the widening gap between the haves and the have-nots into a gap between the knows and the know-nots. In preparation for LDC III, WIPO had organized three regional seminars and a High-level Round Table on Innovation, the Knowledge Society, Intellectual Property and the Least Developed Countries, which had been held in Lisbon on 1-2 February 2001. At the Round Table, it had been recognized that, despite their efforts to build intellectual property systems, the LDCs faced severe constraints, such as shortage of resources, weak intellectual property infrastructure, lack of skilled personnel and inadequate awareness of intellectual property treaties and conventions. The Lisbon Declaration on Intellectual Property stressed the need to transfer knowledge to the LDCs, to encourage innovation in the LDCs, and to promote the establishment of collective management societies.

10. A number of deliverables had been identified as part of WIPO's contribution, to be implemented in phases during the decade: building knowledge capital in LDCs; provision of specially tailored training; establishment of collective management societies for copyrights and

related rights; tailored assistance on traditional knowledge, folklore and genetic resources; and use of information and communications technologies in LDCs.

11. The representative of **Lesotho**, presenting the outcome of a joint CFC/UNCTAD Workshop on Enhancing Productive Capacities and Diversification of Commodities in LDCs and South-South Cooperation, held in Geneva on 22 and 23 March 2001, said that attention at the Workshop had focussed on enhancing productive capacities and competitiveness; vertical, horizontal and geographical diversification of commodities; commodity market development; and structured commodity finance, price risk management, commodity development financing and foreign direct investment. It was hoped that the Preparatory Committee would take the concerns and recommendations of the Workshop into account in the preparation of the new Programme of Action.

12. The representative of **Spain**, presenting the outcome of the High-level Meeting on Tourism in the Least Developed Countries, held in Gran Canaria from 26 to 29 March 2001, said that the meeting had been attended by more than 30 LDCs, as well as a number of other countries and international organizations. It had drawn attention to the strong operative advantages that LDCs had in the field of tourism and the potential they had to increase their share of world tourism. The tourism sector was growing strongly worldwide and could contribute significantly to the economic growth of LDCs. At the same time, it had been emphasized that peace, security and stability were essential preconditions for tourism development. The last two Programmes of Action had not referred to tourism in a substantive manner, and to remedy that the Meeting had recommended that, in the new Programme of Action, commitment 4 should include a new section on tourism. It should stress the short, medium and long-term contribution that tourism could make to LDCs' development, particularly to employment creation, poverty alleviation, reduction of gender inequality, protection of each country's unique natural and cultural heritage, and reduction of economic instability and vulnerability.

13. The representative of **Austria**, presenting the outcome of the High-level Meeting on Energy held in Vienna from 14 to 16 March 2001, said that the discussions had centred round four main topics: access to energy; rational use of energy; financing; and LDCs and hydrocarbon fuels. The Meeting had underlined the importance of access to affordable modern energy services as a prerequisite to halving the proportion of poor people; halving the number of people without access to clean and affordable fuels and electricity by 2015 should be the "energy goal". With regard to access to energy, it was proposed to introduce development mechanisms to attract private investment in the energy sector, promote pilot programmes for decentralized energy generation schemes, and support large-scale rural schemes for integrated rural development programmes. Concerning the rational use of energy, it was proposed to establish and link regional and subregional centres for energy efficiency, making use of existing capacities, and

establish regional energy service companies. With regard to financing, it was proposed to identify preconditions for attracting investment in the energy sector, bundle funding from various sources, and carry out feasibility studies for larger projects. As far as hydrocarbon fuels were concerned, it was proposed to develop strategies for protection against oil price fluctuations and to organize training programmes involving consumer LDCs and oil-producing countries.

14. The Meeting had emphasized the differences in the energy situation in urban and rural areas and highlighted the need for capacity building. It had discussed the role of ODA and concluded that ODA alone would not be sufficient; a substantial mobilization of local and foreign direct investment and national public funds was required. Austria sought support in incorporating energy considerations into the draft Programme of Action and making deliverables a reality as soon as possible.

15. The representative of **Bangladesh**, speaking on behalf of the **least developed countries**, expressed appreciation to the LDCs' development partners, the Group of 77 and China, and the Governments that had contributed to the LDC Trust Fund and hosted preparatory meetings for their cooperation and support. The third session of the Preparatory Committee would be the last opportunity for the agencies to indicate the nature of their deliverables, and the secretariat should draw up a list. If deliverables were mere repackaging of existing or planned activities, it would be disappointing.

16. The key to the success of the Programme of Action would be the implementation mechanism. The follow-up mechanism for the last two Programmes of Action had not been effective, and past failures must be addressed. As national Governments had the primary responsibility for implementation, the mechanism at the national level in the context of the national plan of action should be considerably strengthened. Dialogue among all stakeholders at the national level, with the participation of development partners, was also important, and the proposed national forum deserved serious attention. Resident coordinators should give time to implementation, and their offices in LDCs should be strengthened. At the global level, the intergovernmental follow-up should ensure system-wide coordination, and the governing bodies of the relevant organizations should ensure effective implementation of programmes within their mandates. Finally, well functioning linkages should be established between the intergovernmental follow-up and national-level processes.

17. The representative of the **Pacific Concerns Resource Centre**, speaking on behalf of **NGOs**, called for strong leadership from LDCs and the international community to effectively eradicate poverty in LDCs. NGOs welcomed the direction taken in the draft Programme of Action on gender, women's empowerment, and human rights and were confident that the final version would go further on concrete measures. They noted with concern the marginalization of

LDCs and called for full debt cancellation to release resources for poverty eradication. Integrating the LDCs into the global economy would require capacity building through infrastructure development, human resources development, improved market access, empowerment of women and good governance. Emphasis should also be placed on labour standards, environmental protection and biodiversity, and the EU's "Everything but arms" initiative was welcome, along with its commitment to allow free market access for essentially all products from LDCs. Global warming was a matter of grave concern, and the Kyoto Protocol must be made a reality. Armed conflict was a major cause of marginalization in LDCs, and the LDCs, along with the international community as a whole, were called on to build a culture of peace. Penal measures should be taken against all those supplying arms to areas of conflict.

18. The concrete measures in the draft Programme of Action should include complete debt cancellation for all LDCs; strong commitment to ODA targets; clear priority for rural poverty eradication and food security; emphasis on employment and respect for labour rights; a state of international emergency to combat HIV/AIDS; open market access; clear guidelines for good governance and the participation of civil society at the national and global levels in the LDC process; and independent and periodical reviews of the Programme of Action. The follow-up mechanism should take the role of civil society fully into consideration.

19. The representative of the **Islamic Republic of Iran**, speaking on behalf of the **Group of 77 and China**, said that members of the Cuban delegation had not yet been given visas to attend the Preparatory Committee's session, and it was hoped that the problem would be solved expeditiously.

20. The representative of **Cuba** said that the presence of experts from capitals made a huge difference to the work of the Committee. Unfortunately, two Cuban delegates had not been given visas to attend the session, and that would negatively affect his country's participation in the work of the Committee. He hoped that the problem would be solved as soon as possible, and in the meantime his delegation would feel free to reopen any issues as it deemed appropriate.

21. The representative of **Norway**, speaking in her capacity as **Chairperson of Cluster I**, said that very good progress had been achieved on a first reading of commitments 4-7. The dialogue had been constructive, and a better understanding had been achieved of the various positions. In pursuing its work, the Cluster would seek to clear as much text as possible in order to allow the Conference to concentrate its attention on concrete action.

22. The representative of the **Lao People's Democratic Republic**, speaking in his capacity as **Chairperson of Cluster II**, said the Cluster II had almost completed the first reading of commitments 1-3 and the introduction, and it should clear most of the remaining difficulties by

the end of the session. A number of issues would be left for the Conference to deal with. The dialogue in the Cluster had been positive and fruitful.

Action by the Preparatory Committee

23. At its 1st plenary meeting, on 2 April 2001, the Preparatory Committee decided that the two clusters that had worked on the draft Programme of Action during the intersessional negotiations should pursue their work and report back to the Committee on Friday, 6 April 2001.

Chapter II

ORGANIZATIONAL MATTERS

A. Opening of the session

24. The third session of the Intergovernmental Preparatory Committee was opened at United Nations Headquarters in New York on 2 April 2001 by the Chairman of the Committee.

B. Adoption of the agenda and organization of work

25. At its 1st plenary meeting, on 2 April 2001, the Preparatory Committee adopted its provisional agenda (A/CONF.191/IPC/19). The agenda was thus as follows:

1. Adoption of the agenda and organization of work
2. Progress report by the Chairman of the Intergovernmental Preparatory Committee on the intersessional negotiations
3. Negotiation of the draft Programme of Action (A/CONF.191/IPC/CRP.6) for submission to the Conference
4. Other matters relating to preparations for the Conference
5. Other business
6. Adoption of the report of the Intergovernmental Preparatory Committee on its third session

C. Election of officers

26. At its 1st plenary meeting, on 2 April 2001, the Preparatory Committee was informed that Suriname would be replaced by Grenada as Vice-Chairman and the Mr. Yuji Kumamaru of Japan would be replaced by Mr. Kenji Hirata of Japan as Vice-Chairman.